

CASH HANDLING

Strong internal controls for cash collection are necessary to prevent mishandling of county funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process. The County cash handling policy requires that areas receiving cash be approved by the Auditor's Office as a cash collection point unless they are established by statute. A cash collection point is defined as a department that handles cash on a regular basis. Although departments with casual cash collections are not recognized as cash collection points, they must follow the same cash handling policies and procedures that apply to the cash collection points.

"Cash" is defined as coin, currency, checks, money orders, and credit card transactions.

Required procedures for cash collection points include the following:

- Accounting for cash as is it received.
- Adequate separation of duties and checks and balances, which includes cash collecting, depositing, reconciling and reporting.
- Proper pre-numbered receipts given for all cash received.
- Approval of any voided cash receipts by area supervisor.
- Deposit of cash promptly at the County's Treasurer's Office or into the County Depository into an authorized County account.
- Reconciliation of validated deposit forms to supporting documentation and to the account statement.
- Approval by the Auditor's Office of any changes in cash handling procedures.
- Proper safeguarding of cash.

The use of checking or other bank accounts by County personnel for depositing County cash is prohibited unless the checking or other bank account has been set up by the Auditor's Office. The Auditor's Office will conduct periodic reviews of cash handling procedures. The audits will be provided to Commissioners Court.

WHO SHOULD KNOW ABOUT THIS POLICY

Any elected official or administrator with responsibilities for managing County cash receipts and those employees who are entrusted with the receipt, deposit and reconciliation of cash for County related activities. This policy should be included as part of their departmental policies and procedures.

PROCEDURE

Establishing Cash Collection Points

The Auditor's Office must authorize all cash collection points. Before collection begins, departments requesting status as a cash collection point must submit a request to the Auditor's Office that includes:

- Reason(s) why cash collection point is needed.
- A list of those positions involved with the cash collection point, a description of their duties and how segregation of duties will be maintained.
- Whether there is a need for a change drawer.
- A description of the reconciliation process, including frequency of reconciliation.
- A description of the process for safeguarding cash until it is deposited.
- A schedule of how often cash deposits will be made.

The request will be reviewed by the Auditor's Office, and if appropriate, submitted to Commissioners' Court for consideration.

Procedures for Cash Collection Points

The following list of procedures is required for the operation of cash collection points:

- All cash received must be recorded through a computerized accounting system with computer generated official county receipts or official county temporary cash receipts. When a cash collection point with a computerized accounting system uses temporary cash receipts, those temporary receipts must be converted over to computerized receipts as soon as possible. If the conversion can not be accomplished within 48 hours, the cash should be deposited into the department's primary operating account and tracked in detail until it is recorded on the computerized accounting system. The customer must be presented an official county receipt form with a duplicate record being retained by the receiving department. All numbered receipts must be accounted for, including the original of voided receipts. Approved pre-numbered receipts are available at the Auditor's Office. No other types of temporary receipts are acceptable.

- The cash collection point must maintain a clear separation of duties. An individual should not have responsibility for more than one of the cash handling components: collecting, depositing, disbursement, and reconciling.
- The funds received must be reconciled to the computerized accounting system cash report or to the total of the temporary receipts at the end of the day or at the end of each shift. Cash must be reconciled separately from checks, credit cards, and money orders by comparing actual cash received to the cash total from the cash report or to the sum of the cash sales from the manual receipts.
- All cash must be protected immediately by using a cash drawer, safe or other secure place until they are deposited. A secure area for processing and safeguarding funds received is to be provided and restricted to authorized personnel.
- Checks must be made payable to Collin County, to Collin County and the Elected or Public Officials title (i.e. Collin County Tax Assessor/Collector or Collin County District Attorney) and must be endorsed promptly with a restrictive endorsement stamp payable to Collin County. The endorsement stamps must be ordered through the Purchasing Department.
- Checks or credit card transactions will not be cashed or written for more than the amount of purchase.
- Collections must be deposited to the Treasurer's Office or County Depository within 24 hours.
- All cash must be deposited intact, and not intermingled or substituted with other cash.
- Refunds or expenditures must be paid through the appropriate county bank account on a dual signature county generated check.
- Each Department will use only depository issued deposit slips for reconciliation of the supporting documentation to the deposit and to the monthly statements of account.

INSTRUCTIONS

Cash received in person

- A receipt must be issued for each payment received. At a minimum, manual pre-numbered receipts must include the date, mode of payment (cash, check or credit card), and the identification of the department and the person issuing the receipt. Machine generated receipts must contain all information required by the accounting system to properly credit and track the payment.

- All checks must be endorsed immediately with a restrictive endorsement stamp payable to Collin County.
- All voided transactions are to be approved and initialed by the area supervisor.
- Only one cashier is allowed access to a specific cash drawer during a single shift.
- Cash must be kept in a safe or a secure place if a safe is not available until it is deposited. Alternatives to a safe must have prior approval of the Auditor's Office.

Cash received Through the Mail

- The mail must be opened with two people present and all checks must be endorsed immediately with a restrictive endorsement stamp. All cash must be listed on a "Daily Mail Collection Report".
- If the cash is not credited directly into the appropriate county account or receipted through a computerized accounting system, a list of the checks, credit card transactions and or cash should be prepared in duplicate. The list should include the customer's name, amount received, check number and any other information available that may assist in proper allocation of the funds. The envelope should also be retained as part of the records. An official county temporary receipt should be prepared, the original going to the customer, one copy should be kept in the area, one should accompany any deposit processed thru the Treasure's Office, and a copy left intact in the receipt book and returned to the Auditor's Office.
- Cash must be stored in a safe or other secure place approved by the Auditor's Office until it is deposited.
- Unidentified receipts must be deposited to a depository account approved for such. All reasonable attempts should be made to identify the correct account and transfer the funds. After the statutory required attempts have been exhausted all unidentified funds under \$100 should be turned over to the Auditor and all fund transactions in excess of \$100 should be escheated to the State as prescribed by statute where applicable. All escheat reports must be reviewed by the Auditor's Office prior to release.

Balancing of Cash Receipts

- All funds collected must be balanced daily, by mode of payment, by comparing the total of the cash, checks and credit cards to the computerized accounting reports, to the pre-numbered receipts totals, and to the totals of the money received by mail.
- Over/short amounts must be separately recorded, and investigated and resolved to the extent possible as set out in the over/short portion of this policy.

Preparation of Deposits

- Checks must be made payable to Collin County, to Collin County and the Elected or Public Officials title (i.e. Collin County Tax Assessor/Collector or Collin County District Attorney.) A double calculator tape of the checks should be included with the checks bundled together.
- Cash must be recorded on the deposit slip in the appropriate space.
- Attach a copy of the Transmittal Batch showing transaction totals for credit card receipts and record the total on the deposit slip.
- Only Depository issued deposit slips including the appropriate account number(s) and sub-code(s) are to be used.
- Someone not involved with collecting the cash, opening the mail or reconciling the deposit must prepare the deposit.
- The deposit must be delivered to the Treasury's office or Depository by way of the armored car service.
- Locking deposit bags are available at the Treasury's Office or Depository.

Reconciliation of Cash Collected

- Balance all cash receipts daily to the accounting system and supporting documentation (daily deposit slip, system receipts, and system reports) and resolve all discrepancies.
- Balance the total monthly receipts to the monthly bank account statements and accounting system monthly reports and resolve all discrepancies.

PRE-NUMBERED RECEIPTS

Official county temporary pre-numbered receipt books are issued by the Auditor's Office and a log is maintained that includes the number series of the receipts, the date issued, name of the person receiving the receipts and date returned. The issuing unit should include all copies of all voided receipts and return each receipt book to the Auditor's Office upon the use of all receipts and completion of the cash reconciliation of all the receipts within that book.

EXCEPTIONS

The Auditor's Office must approve any exception to these procedures. For example, in cases where there is not enough staff available to maintain complete separation of duties, an alternate process to safeguard County funds must be established and approved by the Auditor's Office. Requests for exceptions to these procedures must be submitted to the Auditor's Office in writing.

RECORD RETENTION

All cash receipts and related documents must be maintained in accordance with Record Retention schedules. Accounting reports, deposit slips, credit card receipts, copies of manual cash receipts, etc. should be kept for six years.

CASH OVER/SHORT

All cash overages and shortages must be documented by individual cash drawer on a daily basis and documented with that days activities. Shortages may be covered by overages within the following guidelines and the Cash Over and Short Policy attached as Exhibit B if all internal controls and checks and balances as approved by the Auditor's Office are in place. Any single shortage of \$100 or more must be reported to the Auditor's Office immediately. Any combined daily shortage over \$250 must be reported immediately to the Auditor and in writing to the District Attorney. Coverage of daily individual shortages exceeding \$100 or combined of over \$250 must be submitted to Commissioner's Court for consideration of disposition.

- Daily shortages of less than \$5 per individual cash drawer may be covered by department overages. The loss and the request for coverage of the shortage must be included as a finding in the Auditor's audit reports and must be approved by Commissioner's Court.
- If the shortage is the result of a suspected or documented theft, the shortage must be reported immediately and in writing to the Auditor or District Attorney's Office for investigation, regardless of amount.
- Failure to follow internal controls, and checks and balances as approved by the Auditor's Office is considered to be at least negligence and could be considered misconduct. In either circumstance the coverage of any shortage must be investigated and the results submitted to Commissioner's Court for determination of liability of the elected official or department head as prescribed by the following Indemnification Policy and State law.

INDEMNIFICATION AND/OR PAYMENT OF LOSSES BY THE COUNTY

A public officer is strictly liable for loss of any cash collected by his or her office for the county. Any offset policy adopted by Commissioner Court does not affect the strict liability of the officer beyond the specific situations covered by this policy and State law, and does not apply to any loss of funds resulting from the negligence or misconduct of the public officer or his deputy. If Commissioner's Court determines after a hearing that any losses are the result of the negligence or misconduct of the public officer or deputy, the officer shall not be eligible for indemnification by the county for payments of the loss made by the officer to the county. If after the hearing, Commissioner's Court determines the any part or the whole of the losses are not the result of the negligence and or misconduct by the public officer or deputy, the Court may indemnify the public officer to the extent the losses are not attributable to the negligence or misconduct.

The existence of any offset policy is immaterial to the issues of (1) payment of the loss by the public officer, (2) indemnification of the officer after payment of the loss indemnified where the loss was not the result of the negligence or misconduct of the officer or deputy, (3) payment of the loss by the officer's bond or by county insurance that would result in reimbursement to the county for the amount of the loss, or (4) payment from the officer's personal funds, political funds (if an elected official) or salary.

Elected Official, Department Head, or Employee

Date

COLLIN COUNTY
Cash Over and Short Policy

Exhibit A

Employees who handle cash are expected to be careful and accurate and to settle their funds each day without overages or shortages. We recognize the possibility that differences may occur from time-to-time, and we have developed the following policy:

Verbal Warning

A verbal warning is given if an employee has a cumulative cash over or short total of \$25 or more in one month.

Written Warning

After an employee has received three verbal warnings, the fourth warning will be a written warning.

A written warning will be issued if an employee exceeds an accumulative total of \$100 or more cash over or short in any month.

Termination

Termination will result upon the third written warning.

Any single shortages of \$100 or more may be grounds for immediate dismissal. The Elected Official or Department Head must address each such occurrence in writing under the advisement of Human Resources.

Exceptions

Any exception to be the above actions **must** be approved in writing by the Elected Official or Department Head.

***Warnings or exceptions involving cash overages or shortages shall be retained in the employees' permanent file, separate from other disciplinary actions warnings.

Employee

Date

Original: Personnel File
Copy: Manager/ Employee

CASH OVER AND SHORT POLICY